

Message Text

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PAGE 01 STATE 050258
ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY TAIPEI IMMEDIATE
INFO AMEMBASSY SEOUL PRIORITY

C O N F I D E N T I A L STATE 050258

E.O. 11652: GDS

TAGS: ETRD, TW

SUBJECT: ESCAPE CLAUSE CASE ON CANNED MUSHROOMS

REF: (A) TAIPEI 1230; (B) STATE 49201

1. APPRECIATE EMBASSY'S PROMPT RESPONSE TO REF B. ON MARCH 7 MR. HU OF THE GROC EMBASSY DELIVERED TO STR A DRAFT LETTER FROM AMBASSADOR SHEN TO ALAN WOLFF, WITH CHANGES NOTED IN REFTEL (A). WE FOUND THE LETTER SATISFACTORY EXCEPT FOR THE PHRASE CONDITIONING GROC ASSURANCES AGAINST MARKET DISRUPTION UPON SIMILAR MEASURES BY OTHER EXPORTING COUNTRIES SO THAT PRESENT MARKET SHARE OF THE ROC WOULD NOT BE AFFECTED. WE TOLD HU THAT (A) THE GROC'S EXPRESSED CONCERN ABOUT NEW ENTRANTS IS EXCESSIVE BECAUSE THERE ARE NO SERIOUS NEW ENTRANTS ON THE HORIZON AND IT WOULD TAKE SEVERAL YEARS AND LARGE INVESTMENT FOR A NEW ENTRANT TO BECOME A FACTOR IN THE U.S.

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MARKET, (B) WE ARE PREPARED TO NOTE KOREAN ASSURANCES IN THE WOLFF LETTER TO AMBASSADOR SHEN AND (C) THIS IS NOT AN ORDERLY MARKETING AGREEMENT WHERE WE ARE FIXING MARKET SHARES.

2. THE CHANGES IN THE LETTERS ARE AS FOLLOWS:

(A) WOLFF-SHEN LETTER - IN PARA 2 FOLLOWING THE SENTENCE BEGINNING "THE U.S. GOVERNMENT BELIEVES...." A NEW SENTENCE "WE HAVE RECEIVED SUCH ASSURANCE FROM THE GOVERNMENT OF THE REPUBLIC OF KOREA."

(B) IN THE SHEN-WOLFF LETTER WHICH FOLLOWS BELOW WE WOULD DELETE THE PHRASE "IF OTHER EXPORTING COUNTRIES WILL TAKE THE SAME OR SIMILAR MEASURES SO THAT PRESENT MARKET SHARE OF THE REPUBLIC OF CHINA WILL NOT BE AFFECTED."

3. THE TEXT OF THE DRAFT LETTER FROM AMBASSADOR SHEN TO MR. WOLFF INCLUDING THE DELETED PHRASE:

DEAR MR. WOLFF:

I WOULD LIKE TO ASSURE YOU THAT THE REPUBLIC OF CHINA IS VERY MUCH AWARE OF YOUR CONCERN THAT IMPORTS OF CANNED AND BOTTLED MUSHROOMS FROM MY COUNTRY DO NOT DISRUPT THE MARKET FOR CANNED MUSHROOMS IN THE UNITED STATES. WE RECOGNIZE YOUR CONCERN OVER THE INCREASE OF IMPORTS IN THE SUMMER OF 1976 AND CAN ASSURE YOU THAT RAPID RISE WILL NOT OCCUR IN THE FUTURE. FURTHERMORE, WE ASSURE YOU THAT OUR SALES TO THE UNITED STATES WILL NOT INCREASE AT A RATE WHICH WOULD DISRUPT THE U.S. MARKET IN ANY WAY, IF OTHER EXPORTING COUNTRIES WILL TAKE SAME OR SIMILAR MEASURES SO THAT PRESENT MARKET SHARE OF THE REPUBLIC OF CHINA WILL NOT BE AFFECTED.

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LET ME FURTHER ASSURE YOU THAT MY GOVERNMENT IS PREPARED TO CONSULT WITH YOU AT ANY TIME AND COOPERATE WITH YOU IF PROBLEMS OF MARKET DISRUPTION SHOULD ARISE. I UNDERSTAND THAT YOU INTEND TO MONITOR IMPORTS, IN DETERMINING WHETHER IMPORTS ARE CAUSING DISRUPTION.

IN CLOSING, I WANT TO ASSURE YOU THAT WE INTEND TO MAINTAIN OUR MUSHROOM EXPORTS TO THE UNITED STATES THROUGH JUNE 1977 AT THE LEVEL AGREED WITH AMBASSADOR YEUTTER IN TAIPEI LAST SEPTEMBER.

YOURS VERY TRULY, END TEXT.

4. REGARDING THE COVERAGE ISSUE, WE TOLD HU THAT HIS LETTER NEED NOT REFER TO ALL MUSHROOMS COVERED BY ITEM 144.20 OF THE TSUS BUT IT WOULD REMAIN IN OUR LETTER AND OUR MONITORING WOULD BE ON THAT BASIS. STRAW AND FROZEN MUSHROOMS WILL BE COUNTED BY CUSTOMS TOGETHER WITH "BUTTON" MUSHROOMS, THE COMPETITIVE TYPE. THEY

ALWAYS HAVE BEEN AND ARE INCLUDED IN OUR MUSHROOM IMPORT

STATISTICS.

5. MR. HU SAID HE HAD TO INFORM TAIPEI OF THE
CHANGES AND WOULD CONTACT STR THE MORNING OF MARCH 8.
PLEASE BRING THE MINOR MODIFICATIONS WE HAVE MADE IN THE
DRAFT LETTERS TO THE ATTENTION OF Y.T. WONG. WE BELIEVE
THE REVISED DRAFT LETTERS REFLECT THE LEAST RESTRICTIVE
WAY TO HANDLE THE MUSHROOM PROBLEM. WE NEED A RESPONSE
BY OPENING OF BUSINESS MARCH 8 AS THE RECOMMENDATION MUST
BE FORWARDED TO THE PRESIDENT IMMEDIATELY.
VANCE

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Message Attributes

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Sent Date: 07-Mar-1977 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
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